



House of Representatives

General Assembly

File No. 263

February Session, 2018

House Bill No. 5498

House of Representatives, April 5, 2018

The Committee on Banking reported through REP. LESSER of the 100th Dist., Chairperson of the Committee on the part of the House, that the bill ought to pass.

**AN ACT MAKING CERTAIN EDUCATIONAL INSTITUTIONS
INELIGIBLE FOR PUBLIC FUNDS AND LICENSURE OR
ACCREDITATION.**

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Section 10a-34 of the 2018 supplement to the general
2 statutes is amended by adding subsection (m) as follows (*Effective*
3 *October 1, 2018*):

4 (NEW) (m) On and after January 1, 2019, any person, school, board,
5 association, limited liability company or corporation that requires any
6 student, as a condition for enrollment at an institution of higher
7 education or program of higher learning, to enter into an agreement
8 that (1) limits participation in a class action, (2) limits any claim the
9 student may have or the damages for such claim, or (3) requires the
10 student to assert any claim in a forum that is less convenient, more
11 costly or more dilatory for the resolution of a dispute than a judicial
12 forum established in this state where the student may otherwise
13 properly bring a claim, shall not be eligible to receive (A) public funds,

14 or (B) licensure or accreditation from the Office of Higher Education. If
15 the executive director of the Office of Higher Education determines
16 that an institution of higher education is not eligible for licensure
17 pursuant to this subsection, the executive director may require such
18 institution to facilitate a teach-out, as defined in section 10a-22m,
19 provided the executive director and such institution previously
20 discussed a teach-out that ensures that current students of such
21 institution are able to complete their programs without significant
22 impact.

This act shall take effect as follows and shall amend the following sections:		
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Section 1	<i>October 1, 2018</i>	10a-34
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BA *Joint Favorable*

The following Fiscal Impact Statement and Bill Analysis are prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and do not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.

OFA Fiscal Note***State Impact:*** None***Municipal Impact:*** None***Explanation***

The bill does not result in a fiscal impact, as it makes procedural changes to the Office of Higher Education's licensure and accreditation to schools and entities that require any student to limit certain rights and claims as a condition for enrollment at an institution of higher education or program of higher learning. Additionally, the bill results in no impact to the higher education constituent units, which are unaffected by the bill as they do not require students to waive legal rights.

The Out Years***State Impact:*** None***Municipal Impact:*** None

OLR Bill Analysis**HB 5498*****AN ACT MAKING CERTAIN EDUCATIONAL INSTITUTIONS INELIGIBLE FOR PUBLIC FUNDS AND LICENSURE OR ACCREDITATION.*****SUMMARY**

This bill makes schools and other entities ineligible for public funds or Office of Higher Education (OHE) accreditation or licensure beginning January 1, 2019 if they require any student to limit certain rights and claims as a condition for enrollment at an institution of higher education or program of higher learning.

The bill applies to any person, school, board, association, limited liability company, or corporation that requires a student to agree to (1) limit his or her participation in class action suits, (2) limit any claim he or she may have or the associated damages, or (3) assert any claim in a forum less convenient, more costly, or more dilatory than the appropriate Connecticut judicial forum where he or she would otherwise bring such a claim. Under the bill, an entity requiring students to enter such an agreement is ineligible for public state funds and OHE licensure or accreditation. (However, OHE generally oversees independent (i.e., private) and occupational schools. As a result, the licensure and accreditation provisions appear to apply only to these types of institutions.)

By law, a teach-out enables students to complete their course of study if their school abruptly closes. The bill allows OHE's executive director, after a discussion with the school, to require a teach-out if he determines the institution is ineligible for licensure. However, the bill does not require the school to close. It is unclear how OHE would facilitate a teach-out on a school that is not closing.

EFFECTIVE DATE: October 1, 2018

COMMITTEE ACTION

Banking Committee

Joint Favorable

Yea 10 Nay 9 (03/20/2018)